

# **VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**July 13, 2010**

## **VMERS Members present:**

STEVEN JEFFREY, Chairperson, Employer Representative (term expiring July 1, 2014)  
PETER AMONS, Vice-Chairperson, Employee Representative (term expiring July 1, 2011)  
AMY DOUGLAS, Employer Representative (term expiring July 1, 2012)  
JEB SPAULDING, Vermont State Treasurer

## **Board members absent:**

STEPHEN RAUH, Governor's Appointee – stepped down as of June 30, 2010

## **Also attending:**

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board  
Stephen Wisloski, Director of Investment & Debt Management  
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Tuesday, July 13, 2010 meeting to order at 9:02 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

## **ITEM 1:      **Approve the minutes of:**                          **March 16, 2010**                          **May 20, 2010****

**On motion by Mr. Spaulding, seconded by Ms. Douglas, the Board voted unanimously to approve the minutes of March 16, 2010, as amended and May 20, 2010 as submitted.**

The Board discussed the St. Johnsbury's motion. Ms. Webster provided the Board an update on St. Johnsbury.

## **ITEM 2:      **Review results of employer representative election****

Ms. Webster provided the Board with another copy of the July 12, 2010 letter from Robin Spitzer regarding the 2010 Election of Employer Representative. The Board discussed the new election procedures.

Mr. Jeffrey indicated Ms. Douglas was eligible to hold the employer seat that would be appointed by the Governor since she is responsible for hiring or firing the Assistant Town Clerk. Mr. Jeffrey indicated the list will include Amy Douglas, Thomas Golonka, and Hunter Rieseberg. Mr. Jeffrey indicated the list will be provided to VSBA for review and then provided to the Governor for his appointment. Ms. Webster questioned why Mr. Macaig's name was not included on the list. Mr. Jeffrey explained the reasoning. Ms. Webster indicated she will contact Mr. Macaig and indicate her apologies that she was mistaken when she informed Mr. Macaig he would be on the list provided to the Governor.

**ITEM 3: Elect Board Chair and Vice-Chair**

**On motion by Mr. Spaulding, seconded by Ms. Douglas, Steven Jeffrey was nominated for the position of Chairperson of the VMERS Board. After asking for nominees three times and hearing no other nominees the Vice-Chairperson, Mr. Amons, indicated it was the Board's consensus to cast a single ballot for nomination and election of Mr. Steven Jeffrey as the Chairperson. The vote was unanimous.**

**On motion by Mr. Spaulding, seconded by Mr. Jeffrey, Peter Amons was nominated for the position of Vice-Chair of the VMERS Board. After asking for nominees three times and hearing no other nominees the Chairperson, Mr. Jeffrey, indicated it was the Board's consensus to cast a single ballot for nomination and election of Mr. Peter Amons as the Vice-Chairperson. The vote was unanimous.**

**ITEM 4: Discuss/act on appointment of employee representative**

Ms. Webster provided the Board with an update concerning the employee representative election. Ms. Webster indicated there were three nominations for the employer representative received and none for the employee representative received by the deadline. Ms. Webster indicated two or three days after the deadline a nomination was received by James Quinn. This was at a time that was too late to hold an election. Ms. Webster provided the Board with the letter that she sent to VLCT and VT-NEA to put out the word there was a vacancy. Ms. Webster indicated this information was also included on the website. The Board discussed their options concerning the employee representative vacancy. The Board discussed whether anyone knew of any interested parties for the position. Mr. Spaulding indicated some reasons for appointing Mr. Quinn were he did follow the process, albeit late, and he does meet the minimum requirements for the position, and no one else applied for the position.

**On motion by Mr. Spaulding, seconded by Mr. Jeffrey, the Board voted unanimously to appoint James Quinn to the vacant employee representative position on the Board.**

**On motion by Mr. Spaulding, seconded by Mr. Amons, the Board voted unanimously to enter Executive Session at 9:34 a.m. pursuant to Title 1, § 313 for the purpose of discussing appointment of a public official.**

The Board exited Executive Session at 9:49 a.m.

Ms. Webster indicated she will contact Mr. Quinn to advise him he has been appointed by the Board. Ms. Webster also indicated she will have an educational meeting with Mr. Quinn, the same as she had for Ms. Douglas.

(Mr. Wisloski entered the meeting at this time.)

**ITEM 5: Discuss/act on VPIC's recommendation to change rate of return assumption**

Mr. Spaulding provided the Board a review of this item. Mr. Spaulding provided a brief background on the creation of VPIC. Mr. Spaulding indicated there is a meeting scheduled for July 27, 2010 at 8:30 a.m. for VPIC and the three Boards. Mr. Spaulding indicated what the recommendation was for the other two Boards, as well as the rationale behind the recommendation. There was a discussion that lowering the return assumption would result in an increase in the employer/employee contribution rate.

There was a discussion about the five-year study, salary rates and inflation rates. There was a discussion about reducing the rate incrementally. There was a discussion how changing the rate of return is a joint responsibility. Mr. Spaulding indicated he hoped the Board would not reach a final decision today, but rather wait for the July 27<sup>th</sup> meeting when there would be a further discussion with VPIC, all three Boards, the actuary and investment consultant. There was a discussion about each Board discussing it privately before coming to a final decision at the July 27<sup>th</sup> meeting.

There was a discussion how the rates would be reduced incrementally for the other two boards. There was a discussion concerning what would happen if there was no agreement with VPIC. Mr. Jeffrey indicated if there was no agreement with VPIC the status quo would remain. The Board discussed the possible problems of VPIC and the Board not agreeing. There was a discussion about the difference between the pension groups and underfunding. The Board discussed the surplus the Municipal pension group has had in the past and what reducing the rate of return would have on that surplus. There was a discussion about having an open-ended recommendation. There was a discussion whether there was a magic number for the rate of return.

Mr. Amons indicated he will be calling in for the July 27<sup>th</sup> meeting. Ms. Douglas indicated she will try to attend the meeting. Mr. Jeffrey indicated it will be Mr. Quinn's first meeting as a Board member and that a quorum would be needed to vote.

Mr. Wisloski provided the Board with an update on the Fidelity funds. He indicated the Fidelity Fund and Growth Strategy were discontinued and replaced with Vanguard Total Bond Market, Spartan Extended Market Index Fund, Lord Abbett Small Cap Value Fund, Vanguard Total International, and Columbia Acorn International Fund. Mr. Wisloski explained where the members were moved to who had the funds that were discontinued. Mr. Wisloski indicated this change occurred April 16<sup>th</sup>. Ms. Webster indicated there has been no feedback at all concerning this change.

(Mr. Wisloski left the meeting at this time.)

**ITEM 6:      Discuss/act on Nancy Stevenson-Lyon's request to apply for a disability retirement**

Ms. Webster indicated the Board's authority as it related to Ms. Stevenson-Lyon's request. Ms. Webster indicated she contacted Jeff Fannon from VT-NEA, but has not heard back from him yet. The Board discussed whether an athletic trainer would be qualified for the Teacher system.

Ms. Webster provided the Board a timeline of when information was provided to Ms. Stevenson-Lyon, and when she separated from employment, and when she applied for a disability retirement. Ms. Webster indicated there is no reduction in benefit for a disability retirement, although there is one for an early retirement. Ms. Webster indicated the Retirement Staff spoke to Ms. Stevenson-Lyon on many occasions and provided her with all the pertinent information, including informing her that an SSI disability would provide an automatic Municipal disability.

The consensus of the Board was to not take any action at this time, but to request Ms. Stevenson-Lyon to provide more information to show cause why the Board should consider her request. Ms. Webster indicated she will inform Ms. Stevenson-Lyon of the Board's decision and request for further information.

**ITEM 7:      Discuss Medical Review Board's fees**

The Board discussed the Medical Review Board's fees. Ms. Webster indicated the State Board increased the fees in February. Ms. Webster indicated the Municipal Board has the least number of reviews compared to the other two boards. The Board discussed how this item came about, with the Chair of the Medical Review Board starting the discussion about the fees.

**On motion by Mr. Spaulding, seconded by Ms. Douglas, the Board unanimously voted to keep pace with the other two Boards and increase the fee for the Chair of the MRB to \$150.00 and the fee for the other members of the MRB to \$125.00.**

**ITEM 8:      Any other business to come before the Board**

The Board discussed the next meeting might be the first part of November or the end of October to set rates. Mr. Spaulding requested an update and review for the HSP. Ms. Webster indicated ICMA-RC redid their website since it was not functioning for two months. Ms. Webster indicated they will put more information on the Municipal website with a link to ICMA-RC. There was a discussion there could be a conference call if Ms. Stevenson-Lyon provided information prior to the October/November meeting.

**ITEM 9:      Adjournment**

**On motion by Ms. Spaulding, seconded by Mr. Amons, the Board unanimously voted to adjourn at 11:03 a.m.**

**Next Meeting Date:**

The next scheduled VMERS meeting is to be determined.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board